

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF NEW YORK

_____X
KENT SALVESON, ESQ., and EQD, LLC,
A Nevada limited liability company,

Plaintiffs,

**COMPLAINT FOR
DECLARATORY RELIEF**

v.

SUNG YI, an individual,

Defendant.

_____X
Plaintiffs Kent Savleson, Esq., and EQD, LLC, a Nevada limited liability company
("EQD"), allege as follows:

INTRODUCTION

1. Kent Salveson and EQD (collectively the "Plaintiffs") seek declaratory relief in this suit brought against Defendant Sung Yi ("Yi"), in his individual capacity and as the former 100% member of EQD. Simply stated, an actual controversy has arisen and now exists between the Parties concerning the legal rights of the Plaintiffs as it relates to the true owners of EQD's assets. On July 2, 2016, the Defendant transferred all of his membership interests in EQD to Plaintiff Savleson and included in this transfer were all of EQD's assets. The Plaintiffs respectfully request a declaration of rights that the Defendant did indeed transfer 100% of EQD's membership to Salveson, which included EQD's asset(s). Along this line, the Plaintiffs seek to have included in the declaratory judgment that EQD's assets were transferred on July 2, 2016,

and that EQD did not enter into any contracts to sell its assets to any third parties when the Defendant transferred EQD to Salveson.

2. As it turns out, the Defendant failed to properly protect EQD's assets because he signed a contract in his individual capacity (not on behalf of EQD) to sell EQD's assets in an option contract to a third party, before he transferred EQD to Salveson.

3. Plaintiff Salveson paid Yi more than \$400,000.00 for EQD and EQD's assets. In exchange for these funds, Plaintiff Salveson was to have received 100% ownership interest in EQD, which included both the membership interests and assets, and this occurred on July 2, 2016.

Salveson purchased EQD as a bona fide purchaser from Yi, and EQD's assets were supposed to be sold free and clear of all liens, encumbrances and option contracts to sell to other potential buyers. As it turns out, however, Yi signed an option contract to sell EQD's assets *before* he sold it to Salveson. Salveson purchased EQD on July 2, 2016 and was informed that EQD was sold free and clear and that there were no other purchasers and certainly no purchasers with option contracts.

Indeed, since July 2, 2016, EQD has been conducting business and maintaining its real estate asset, a condominium located at 450 W. 17th Street, Unit 1009, New York, New York (the "Condo"). Defendant warranted, when he transferred 100% of EQD's membership and the Condo to Salveson, that the transfer was not subject to any liens, judgments, contracts, option contracts, liabilities, disputes, claims of ownership from prior owners, loans or potential litigation. A dispute, however, has arisen as to whether there has been a complete transfer of EQD's membership interests and its assets, but this dispute can be rectified by a declaratory judgment. Attached to this Complaint is Yi's sworn deposition testimony where he admits that

he transferred 100% of EQD's membership to Plaintiff Salveson, and he also agreed to transfer EQD's asset to Salveson. Defendant Yi, however, failed to inform Plaintiff Salveson that he signed an option contract in 2015, possibly granting EQD's first owner an option to re-purchase EQD and EQD's assets. Part of the controversy here is to determine that Yi did transfer 100% of EQD's membership interest and asset to Salveson. The Plaintiffs also seek a declaratory judgment that EQD never signed an option contract with any party to re-purchase any of its assets. At all times herein, and since 2015, EQD has been the sole owner of the Condo and therefore it is the only party that could have entered into an option contract to sell its assets. Most assuredly, EQD never signed any option contracts to sell its assets to any party. But, by signing an option contract as an individual, the Defendant has left EQD subject to attack in court to dispute over who owns title to its asset. It is anticipated, however, that Yi will consent to a declaratory judgment in this Case so that this Court can enter an order that Yi transferred 100% of EQD and its sole asset to Salveson. Yi is also expected to agree to have this judgment entered *Nunc Pro Tunc* to July 2, 2016 and will likely consent that EQD did not sign any option contracts while he was the sole owner and member of Plaintiff EQD, LLC.

4. Therefore, Plaintiffs Kent Salveson, Esq., and EQD, seek an order declaring that Defendant transferred 100% of EQD to Salveson as of July 2, 2016, and when Defendant transferred his membership interests in EQD, he also transferred EQD's assets to Salveson and that as of July 2, 2016, EQD did not sign any contracts, options or otherwise, to sell its assets to any third party.

JURISDICTION

5. This is an action for Declaratory Relief and Declaratory Judgment. This Court has jurisdiction under 28 U.S.C. § 1332 and 2201 because (i) there is an actual controversy between

the parties, (ii) the amount in controversy exceeds \$75,000.00 (the Defendant owes the Plaintiffs \$400,000.00 of membership interests and assets of EQD), and (iii) there is complete diversity of citizenship.

6. This Court has personal jurisdiction over the Defendant and venue in this jurisdiction is proper pursuant to Rule 4 of the Federal Rules of Civil Procedure because; (1) Defendant is a resident of California; (2) Plaintiff Salveson is a resident of Reno, Nevada; (3) EQD, while a Nevada limited liability company, is both registered to do business in New York and its asset, the Condo, is situated in the City of New York, State of New York.

VENUE

7. Venue is also proper in this judicial district pursuant to 28 U.S.C. § 1391 (b)(2) as a substantial part of the events or omissions giving rise to the action occurred in this judicial district. When Defendant purchased the Condo and transferred his membership interests in EQD, he knew that EQD's asset was real estate located in the City of New York, County of New York. Defendant also knew, at the time of the transfer, that the Plaintiffs intended to both control 100% of EQD and also control EQD's assets, all located in New York, New York.

PARTIES

8. Plaintiff Kent Salveson is an attorney with a residence in Reno, Nevada. Since July 2, 2016, Plaintiff Salveson is currently the 100% membership interest holder of Plaintiff EQD, LLC. Indeed, attached as Ex. "A" to this Complaint is the Yi deposition transcript, evidencing the transfer from Defendant Yi to Plaintiff Salveson. Included in this ownership interest, Plaintiff Salveson was supposed to have ownership and control over Plaintiff EQD's sole asset, the Condo.

9. Plaintiff EQD is a Nevada limited liability company that is registered to do business here in the State of New York and when the Defendant transferred EQD to Salveson, he knowingly transferred EQD's sole asset, the Condo.

10. Defendant Sung Yi is a resident of the State of California. Defendant Yi was the 100% owner of Plaintiff EQD. When Yi sold EQD to Salveson, he accepted almost \$400,000.00 from Salveson and Yi intended the Condo to be transferred along with 100% interest of EQD.

FACTUAL BACKGROUND

Defendant Yi Acquired EQD, LLC

11. On or about July 12, 2013, Steve Woo ("Woo") formed EQD, LLC. At the time Woo formed EQD, he owned the Condo. Approximately two years later, on August 25, 2015, Woo, transferred title of the Condo to EQD, LLC.

12. Prior to the transfer of the Condo to EQD, Woo and Yi were personally liable to Pacific Mercantile Bank ("PMB") for a \$250,000.00 loan. (Dep. Trans., Vol. I, p.11, L-8-23). Woo defaulted on the PMB loan, and PMB filed suit against Woo and Yi (Yi was the personal guarantor of the PMB loan) to recover the loan proceeds. (Dep. Trans., Vol. I., p. 13, L-15-20) To resolve PMB's lawsuit, Yi borrowed \$321,000.00 and paid it to PMB and in exchange, PMB entered into a settlement agreement. (Dep. Trans., Vol. I, p.15, L-5-20) At the time of the settlement with PMB, Woo transferred the Condo to EQD, and Woo then transferred EQD to Yi because Woo did not have the funds to pay PMB's settlement amount. (Dep. Trans., Vol. I, pp. 16-17, L22-4)

13. The agreement between Yi and Woo was: "...in order to pay my [Yi's] friend back [for the settlement funds paid to PMB], I was going to take ownership of EQD/condo and

then I was going to get a loan, borrow money off an interest in the condo and basically pay off the loan from my friend...” (Dep. Trans., Vol. I, p.20, L-10-14)

14. Woo transferred 100% of EQD to Yi and when this transfer happened, it was in no way a loan for Woo; it was not a financing arrangement with Woo, there were no contingencies, conditions, or post-closing conditions. (Dep. Trans., Vol. I, p. 21, L-8-25) When this transfer occurred, Yi understood it to mean that he was the 100% owner of Plaintiff EQD, and that EQD’s asset was the Condo. (Dep. Trans., Vol. I, p. 22, L3-14)

15. Therefore, on September 1, 2015, Woo executed EQD’s membership certificate that transferred 100% of EQD to Yi for \$321,000.00 and the purchase of EQD by Yi from Woo vested all right, title and interest in EQD and its assets to Yi as the new 100% member and owner of Plaintiff EQD.

The Current Controversy Between The Parties

16. On October 15, 2015, however, Yi and Woo signed an option contract where in exchange for \$10,000.00 to keep the option open, Woo had the right to re-purchase the Condo at an estimated value of \$760,000.00.

17. Woo never paid Yi \$10,000.00 for the option, and in fact Woo never paid Yi anything for the option. Therefore, Woo never paid the consideration to keep the option to purchase open, thereby losing the option.

18. In any event, on July 2, 2016, Yi transferred Plaintiff EQD to Plaintiff Salveson and in exchange, Salveson paid Yi almost \$400,000.00. Plaintiff Salveson’s purchase of EQD included the Condo.

19. When Yi sold EQD (and EQD’s assets) to Salveson, Yi did not tell Salveson that he signed an option contract with Woo on October 15, 2015. Notably, the option was between

Woo and Yi as an individual but by the time the option contract was signed, EQD was the owner of Condo and therefore, the option contract was not enforceable because it was signed by the wrong party to be charged. Yi did not own the Condo, so he did not have authority to sign any options to re-purchase it to any party. Part of the relief requested in this action for declaratory judgment is that this Court enter an order that Yi did not subject EQD to any contracts to sell its assets.

Of great significance, the October 15, 2015 option contract signed by Woo and Yi was not discovered until July 2020, prompting the filing of this declaratory relief action.

20. Based on the attached deposition testimony of Yi, it is anticipated that Yi will consent to a declaratory judgment stating that EQD did not execute any option contracts with any party and that 100% of EQD and EQD's asset (i.e., the Condo) was transferred to Savleson on July 2, 2016.

21. As things stand now, however, without a declaratory judgment stating that EQD was transferred to Savleson on July 2, 2016, a controversy has arisen as to whom owns EQD and when, and if there were any options to re-purchase EQD and or its assets from the time Yi transferred it.

22. Yi failed to notify Salveson that he signed an option contract (in his individual capacity) on October 15, 2015. Even though the option was never exercised because the holder of the option never paid the consideration, this request for declaratory relief is to include that all contracts, other than the transfer of EQD to Salveson dated before July 2, 2016, are null and void to ensure that Yi did not enter into any contracts on EQD's behalf while he owned EQD and then once he transferred it to Salveson on July 2, 2016.

COUNT I

(FOR DECLARATORY JUDGMENT)

23. Plaintiffs re-adopt and re-allege paragraphs 1-22 as though fully set forth herein.

24. A current dispute exists between the parties concerning whether: (i) Yi transferred 100% of EQD to Plaintiff Salveson, and (ii) whether or not Yi subjected EQD to any contracts (options or otherwise) to sell EQD's assets to a third party.

25. Yi failed to inform Salveson that he signed an option to sell the Condo. While Yi was not the owner of the Condo (because EQD was the owner when Yi acquired EQD), Yi has now left EQD subject to attack by any party that could try to claim that it has a contract to purchase EQD or EQD's assets.

26. As the attached deposition testimony demonstrates, Yi intended to transfer 100% of EQD to Plaintiff Salveson, including EQD's assets. (Dep. Trans., Vol. II, p.30, L6-10)

27. Plaintiffs have fulfilled their contractual obligations – Plaintiff Salveson paid Yi close to \$400,000.00 to purchase both EQD as a limited liability company, and its asset which is the Condo.

28. This transaction occurred on July 2, 2016, and the Plaintiffs are within their rights to request that this Court enter a judgment declaring that Yi did indeed transfer 100% of EQD and its asset (the Condo) to Salveson on July 2, 2016, and that there were no contracts (options or otherwise) to purchase any of EQD's assets once Yi transferred EQD and the Condo to Plaintiff Salveson on July 2, 2016.

29. Therefore, by reason of Plaintiffs' performance and Defendant Yi's sworn deposition testimony attached hereto as Ex. "A" to this Complaint and incorporated by reference, the Plaintiffs are entitled to a declaration that (i) Plaintiff Salveson is the 100% member of EQD,

LLC; (ii) that Defendant Yi transferred 100% of EQD, LLC to Plaintiff Salveson on July 2, 2016, (iii) that EQD is not subject to any contracts to sell any of its assets; and (iv) that this declaratory judgment be entered *Nunc Pro Tunc* to July 2, 2016.

WHEREFORE, Plaintiffs EQD, LLC and Kent Salveson respectfully demand that, upon a final determination by this Court, judgment be entered in its favor as follows:

On Count I of the Complaint:

- a. A determination that that (i) Plaintiff Salveson is the 100% member of EQD, LLC; (ii) that Defendant Yi transferred 100% of EQD, LLC to Plaintiff Salveson on July 2, 2016, (iii) that EQD is not subject to any contracts to sell any of its assets; and (iv) that this judgment be entered *Nunc Pro Tunc* to July 2, 2016; and
- b. an order granting Plaintiffs such other and further relief as the Court deems just and proper.

DATED: Los Angeles, California
August 19, 2020

BALONICK LAW OFFICE, INC.

By; Barney Balonick, Esq.
10100 Santa Monica Blvd
#1700
Los Angeles, California 90067
bhb@balonicklaw.com.
310.703.1755

EXHIBIT A

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SUPREME COURT OF THE STATE NEW YORK

COUNTY OF NEW YORK

Index No.: 158976/2019

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KENT SALVESON,

Plaintiff(s),

-against-

EQD, LLC, STEVEN Y. WOO, et al.,

Defendant(s).

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360 Lexington Avenue, 13th Floor

New York, New York

March 6, 2020

10:20 a.m.

EXAMINATION BEFORE TRIAL OF SUNG YI, a
non-party witness, held at the above-mentioned time
and place before ANNMARIE OAKLEY, a Notary Public of
the State of New York.

A P P E A R A N C E S

GANFER SHORE LEEDS & ZAUDERER, LLP

Attorneys for Plaintiff

229 Seventh Street-Suite 200

Garden City, NY 11530

BY: DAWN M. WILSON, ESQ.

Also present: Kent Salveson, Esq.

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S U N G Y I, having first been duly sworn by a
Notary Public of the State of New York, was examined
and testified as follows:

EXAMINATION BY MS. WILSON:

Q Would you state your name for the record,
please.

A Sung Yi.

Q Would you state your address for the
record, please.

A. 1783 Deerwood Drive, Fullerton, California
92833.

Q Good morning, Mr. Yi.

A Good morning.

MS. WILSON: I'm going to ask the court
reporter to mark this as Plaintiff's Exhibit 1.

(Notice of Deposition was
marked as Plaintiff's Exhibit
1 for identification.)

Q Time a look at this. This is a Notice of
Deposition dated January 17, 2020, for the
deposition of Sung Yi at the office of Ganfer Shore
Leeds & Zuaderer, LLP on March 6, 2020 at 10 a.m.
and the notice was sent to EQD, LLC, Steven Y. Woo,
Jo-Lynn Woo (phonetic) and Janet Nina Escobar.

1
2 (phonetic) Take a look at that. Is that the Notice
3 of Deposition pursuant to which you have appeared
4 here today?

5 A Yes.

6 Q You can put that aside. All right. Mr.
7 Yi, what is your employment?

8 A I'm a CFO for ViewSonic Corporation.

9 Q Can you spell that.

10 A V-i-e-w-s-o-n-i-c Corp.

11 Q And how long have you had that position?

12 A I've had the CFO position for 12 years
13 now.

14 Q Can you give me a brief summary of your
15 educational history?

16 A Okay. I have a bachelors degree in
17 accounting from USC and I have a masters in business
18 MBA from Loyola Marymount University.

19 Q When did you obtain those degrees.

20 A I received my bachelors degree in 1989. I
21 received my MBA 1999.

22 Q And prior to your current employment did
23 you have other executive level positions at
24 companies?

25 A I was the CFO for New Egg Corporation as

1 S. YI

2 well and before that I worked in public accounting
3 and I as worked a manager for ~~UCAL~~ Oil. UNOCAL

4 Q Do you have any licenses?

5 A I'm a CPA.

6 MS. WILSON: I'm going to ask the court
7 reporter to mark this as Plaintiff's Exhibit 2.

8 (Declaration of Sung Yi was
9 marked as Plaintiff's Exhibit
10 1 for identification.)

11 Q Before we get to that, can you tell me
12 what your jobs as CFO entails.

13 A Our company is a little different. As a
14 CFO I do more than just financial. I'm in charge of
15 all of the operations besides sale and marketing.
16 I'm in charge of the financial runnings of the
17 company throughout the globe. I'm in charge of all
18 our legal affairs. I'm in charge of our HR affairs
19 and I'm also in charge of our IT and all of our
20 logistics worldwide.

21 Q You said worldwide, what is the scope of
22 your company?

23 A So we're about a billion dollar revenue
24 company and we have operations in Europe, in Asia.
25 Pacific including China and also North America.

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S. YI

Q And what is the business of your company?

A We sell monitors, projectors and large ~~arm~~ screen displays.

Q All right. I'm going to hand you what the court reporter has marked as Plaintiff's Exhibit 2, and to describe to the court reporter while you're reviewing it, Exhibit 2, is labeled, "Declaration of Sung Yi."

A Okay.

Q And it is signed on page 7 of the document although the document is undated. Do you recognize this document Mr. Yi?

A Yes, I do.

Q Did you prepare this document?

A Yes.

Q Is that your signature on the last page?

A Yes, it is.

Q And approximately when did you prepare this document?

A You know what, I can't exactly remember the date that I did prepare this document. It's been a little bit.

Q And why did you prepare this document? It is dated. My bad.

1 S. YI

2 A It is dated.

3 Q The document is dated. It says it's
4 prepared on this date, December 31, 2018. Does that
5 refresh your recollection?

6 A That does. So there's a date, yes.

7 Q Why did you prepare this document?

8 A I was asked by Kent Salveson. There was a
9 litigation between Kent and Steve and I prepared
10 this for Kent at the request of Kent.

11 Q You said "Steve" Steve who?

12 A Steve Woo.

13 Q You can put that aside for a moment.
14 We'll come back to it and if you need to look at
15 that to refresh your recollection let me know and
16 we'll take a moment to do that. There's a lot of
17 dates involved in this. You mentioned Mr. Steve
18 Woo. What is your relationship with Mr. Woo?

19 A I have known Steve Woo since about 2006,
20 so going on 14- 15 years now. I met him when he
21 started at ViewSonic Corporation. So we were
22 coworkers and that's how we became friends and so I
23 have known him since then.

24 Q What is the nature of your relationship
25 today?

STEVE AND I ARE STILL FRIENDS, BUT WE DON'T SPEAK S. YI AS OFTEN AS WE USED TO IN THE PAST.

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A ~~We really don't have a relationship today.~~

I haven't spoken to him -- well, regarding cases he would contact me once in a while but in terms of normal contact it's been probably four years since we really had communication.

Q When did he leave ViewSonic?

A It was around 2008.

Q Where did he go?

A He started his own company.

Q Do you recall the name of that company?

A EQD.

Q EQD Corporation?

A Correct.

Q What did EQD Corporation do?

A Basically the same as ViewSonic. He utilized some of the contacts that it had with ViewSonic and he sold mainly computer monitors.

Q Computer monitors?

A Yes. He sourced computer monitors from some of the same vendors that ViewSonic used and he sold them to resellers in the U.S.

Q And you said he started this company, what was his role? He was the CEO?

A He was the CEO.

1 S. YI

2 Q Did he have employees?

3 A I don't believe he had any employees. I
4 believe he was working by himself.

5 Q Did you have any role in EQD Corporation?

6 A No, I did not.

7 Q So you were never an employee?

8 A No.

9 Q You were never a director?

10 A No.

11 Q Were you every an executive?

12 A No.

13 Q Were you an investor?

14 A No.

15 Q Were you a lender?

16 A I did provide a guarantee for EQD on
17 behalf of Steve.

18 Q We're going to talk about that in a
19 second. Again, you can look at your declaration.
20 You said you provided a guarantee, can you tell me a
21 little more about that.

22 A In the summer of, I believe, the summer
23 other '14 sometime around July, I believe, I
24 remember he asked me a few times to provide a
25 guarantee as he was needing to get some inventory

1 S. YI

2 and didn't have the funds to fill this big order.

3 Q Let me just pause you there. This was
4 July 2014?

5 A Yes.

6 Q You said he needed to pay for inventory,
7 that was inventory for EQD Corporation?

8 A Correct.

9 Q And you said it was because he had a large
10 order that he was attempting to fill.

11 A And he didn't have the cash flow to fill
12 that order.

13 Q Where was the loan coming from?

14 A I can't remember. It was bank name, PMB
15 is the abbreviation of the bank.

16 MS. WILSON: Off-the-record.

17 (A discussion was held
18 off-the-record.)

19 (Promissory Note and
20 Commercial Guarantees were
21 marked as Plaintiff's Exhibit
22 3 for identification.)

23 Q I'm handing you what's been marked as
24 Plaintiff's Exhibit 3, which is a couple of
25 documents, a Promissory Note and two Commercial

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S. YI

Guarantees. Take a look at Exhibit 3.

A Okay.

Q Who is the borrower on Exhibit number 3?

A EQD Corporation.

Q And who is the lender?

A Pacific Mercantile Bank.

Q I note that in Exhibit 2, which is your declaration, it says, Pacific National Bank Loan Guarantee. Does Exhibit 3 refresh your recollection that the lender was actually Pacific Mercantile Bank?

A Yes, it was. That was the bank.

Q So returning to this. Is it correct that you agreed to be a guarantor of the Pacific Mercantile Bank loan?

A Yes, I did.

Q And what did that entail? What were you agreeing to do?

A Basically if Steve defaulted I would guarantee payment of the loan.

Q Did Mr. Woo also sign a guarantee?

A I believe he did.

Q To refresh your recollection if you flip through to the third from the last page you see the

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S. YI

commercial guarantee from Steve Woo.

A Okay.

Q What was the amount of the loan?

A 250,000.

Q And were you guaranteeing the entire
250,000.

A Yes, I was.

Q What was your incentive to do that?

A There was no incentive. I was helping out
a friend that asked me a couple of times to do that.

Q Did you know what happened to the funds
that received from this loan?

A No, I don't. No.

Q Did you know if Mr. Woo used them to
acquire the inventory?

A I don't know without look at his
accounting records.

Q Did Mr. Woo ever give you an accounting of
what happened with these funds?

A No.

Q According to your declaration that we
looked at before Mr. Woo and/or EQD Corporation
defaulted on the loan; is that correct?

A Yes.

1 S. YI

2 Q Did you know why he defaulted?

3 A I don't know why but my belief was that
4 the business was not doing well and he was not able
5 to pay back the \$250,000 loan.

6 Q What happened next with regard to EQD
7 Corporation and its default on this loan?

8 A After the default I was notified that
9 Steve Woo filed bankruptcy.

10 Q And you say Steve Woo do you mean EQD
11 Corporation?

12 A Yes.

13 Q What happened with the lender Pacific
14 Mercantile Bank?

15 A After the default I think it was December
16 of that same year, 2014, the bank actually filed a
17 legal suit against both Steve Woo and myself and I
18 was served. I wasn't actually in the country and my
19 wife sent a photo of the Complaint to me and I was
20 in shock.

21 Q Where was this lawsuit filed?

22 A In Orange County, California, Santa Ana
23 Court I believe.

24 Q Did you answer the Complaint?

25 A Yes. I actually had talked with my friend

1 S. YI

2 Kent Salveson and answered the Complaint.

3 Q Before we get back to that Complaint,
4 since you brought up Mr. Salveson let's talk about
5 him. What is your relationship with Kent Salveson?

6 A Currently Kent and I are ~~friends~~ ^{BUSINESS ASSOCIATES} but at
7 that time it was the first time I met Kent.

8 Actually Steve Woo brought Kent to the meeting to
9 help me in responding to the bank. That's how we
10 met.

11 Q So you met him through Mr. Woo. What is
12 Mr. Salveson's profession?

13 A He's a lawyer.

14 Q Did you retain him as a lawyer?

15 A At that time, yes.

16 Q Have you ever heard of a company called
17 EQD, LLC?

18 A I have heard of it.

19 Q What is that company to your knowledge?

20 A It was a separate holding company as far
21 as I know.

22 Q Did you have any role in EQD, LLC? We're
23 talking about in 2014?

24 A In 2014, no.

25 Q You didn't found the company.

1 S. YI

2 A No.

3 Q And you weren't an original member?

4 A No.

5 Q Were you able to resolve or come to a
6 resolution with Pacific Mercantile Bank following
7 the lawsuit?

8 A Yes.

9 Q What was in that resolution?

10 A I had borrowed some funds and basically
11 paid off, the total amount ended up in being 321K
12 and paid off the bank.

13 MS. WILSON: Off-the-record.

14 (A discussion was held
15 off-the-record.)

16 MS. WILSON: Bank on-the-record. Mr. Yi,
17 looking at page three of your declaration,
18 which is Exhibit 2, in the center of the page
19 it refers to the title, it says, "Pacific
20 National Bank Settlement."

21 A Yes.

22 Q Does that refer to Pacific Mercantile
23 Bank?

24 A Yes, it should be.

25 Q Does this refresh your recollection there

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S. YI

was a settlement with Pacific Mercantile Bank?

A Yes.

(Settlement Agreement was
marked as Plaintiff's Exhibit
4 for identification.)

Q I'm going to hand you Plaintiff's Exhibit
4. Take a look at that. Okay. Is this the
settlement agreement with Pacific Mercantile Bank?

A Yes.

Q Looking back at your Declaration again,
we'll get back to the payment schedule in a second.
Paragraph 18 of your Declaration refers to what is
called "The condo at 450 West 17th Street, New York,
New York." Do you see that?

A Yes.

Q Are you familiar with the condo referenced
here?

A Yes, I'm familiar.

Q Who owned that condo?

A Steve Woo and his wife.

Q And referenced here there was a transfer
of the condo. Where was the condo transferred to?

A Transferred to EQD, to me.

Q No. No. No. You're jumping ahead in

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S. YI

time. Look at paragraph 19, please.

A To EQD, LLC.

Q And that's a different entity from EQD Corporation; correct?

A Correct.

Q Looking back at Exhibit number 4 if you turn, starting at the bottom of the page one, it says paragraph 2, "Settlement Payment" and if you flip the page there's a schedule of payments.

A Yes.

Q And who is obligated to make these payments?

A It was both myself and Steve but I ended up making the payments.

Q Was this Settlement Agreement then defaulted on?

A No, it was not.

MS. WILSON: Okay. Let's go off-the-record.

(A discussion was held off-the-record.)

MS. WILSON: Let's go back on-the-record.

Q Mr. Yi, we were talking about the settlement with Pacific Mercantile Bank which

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S. YI

according to the schedule on page two required a number of payments to be made on specific dates. Do you see that?

A Yes.

Q Were both Mr. Woo and you obligated to make these payments?

A Yes.

Q Did Mr. Woo make any of the payments?

A No.

Q He was not able to?

A He was not able to make any of the payments.

Q Did you make any of the payments?

A Yes, I did.

Q How did you obtain the funds to make these payments?

A I obtained funds from a close friend of mine.

Q What is the name of that close friend?

A Can you give me a second. I'm trying to remember who I borrowed money from.

Q Well stay on-the-record. I understand you're having difficulty remembering the name now. Was it Mr. Salveson at this point in time?

1 S. YI

2 A No, not yet.

3 Q Did there come a time where Mr. Woo asked
4 you for additional money to help pay off these
5 debts?

6 A No.

7 Q Did there come a time that you demanded
8 from Mr. Woo some sort of compensation in exchange
9 for making these payments that he couldn't make?

10 A Yes.

11 Q What was that?

12 A I asked for ownership or interest in the
13 condo in New York.

14 Q How did you obtain that interest?

15 A Basically I worked with -- we worked
16 together with Mr. Kent Salveson to transfer the
17 interest of the condo to me.

18 Q And was the condo at that time owned by
19 EQD, LLC?

20 A Yes, it was. I remember the name by the
21 way. ~~Lee~~ ^{HENRY} Chang, C-h-a-n-g.

22 MS. WILSON: Off-the record.

23 (A discussion was held
24 off-the-record.)

25 MS. WILSON: Back on.

1 S. YI

2 Q Did Mr. Woo agree to give you an interest
3 in the condo by selling you EQD, LLC?

4 A Yes.

5 Q And how did this agreement come about?

6 A We had a meeting, Mr. Salveson, Mr. Woo
7 and myself and we came up with that solution
8 together.

9 Q What was the solution?

10 A The solution was in order to help to pay
11 my friend back I was going to take ownership of
12 EQD/condo and then I was going to get a loan, borrow
13 money off an interest in the condo and basically pay
14 off the loan from my friend.

15 (Membership Certificate was
16 marked as Plaintiff's Exhibit
17 5 for identification.)

18 Q Mr. Yi, I'm handing you Plaintiff's
19 Exhibit 5, which is labeled, "LLC Membership
20 Certificate" dated -- it doesn't seem to be dated.
21 Are you a signatory to this document?

22 A Yes, I am.

23 Q Is Mr. Woo a signatory to this document?

24 A Yes.

25 Q Do you know who the witness's signature

S. YI

is?

A Mr. Salveson.

Q What does this certificate represent?

A Transfer of EQD, LLC to me.

Q From Steve Woo to you?

A Yes.

Q And what percentage interest?

A 100%.

Q In the connection with the transfer of EQD, LLC to you was this in any way a loan to Mr. Woo?

A No, it was not.

Q Was this a financing or some kind of arrangement for Mr. Woo?

A No.

Q Was it a financing for EQD Corporation?

A No.

Q Was this transfer to you contingent on anything else?

A No contingencies.

Q Was it conditional?

A No.

Q Were there any post-closing conditions on this transfer of EQD, LLC from Mr. Woo to you?

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S. YI

A No.

Q Was it your understanding upon this transfer that you were the 100% owner of EQD, LLC?

A Yes.

Q Did Mr. Woo continue to have any interest in EQD, LLC at this time?

A No.

Q What was the asset of EQD, LLC at this time?

A I don't know the exact address but it was a condominium in New York City.

Q Would that condominium be at 450 West 17th Street?

A Correct.

Q And to your recollection was the name of that building the Caledonian?

A Yes.

(One-page document was marked as Plaintiff's Exhibit 6 for identification.)

Q I'm handing you Plaintiff's Exhibit 6. If you can take a look at that this document. This document is from the Secretary of State of Nevada. It is labeled, "Certificate of Resignation of

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S. YI

Officer, Director, Manager, Member, Partner, Trustee
or Subscriber." What is the company referred to in
this Secretary of State document?

A EQD, LLC.

Q Who is the person that is resigning?

A Steve Woo.

Q And is that Mr. Woo's signature on the
authorized signature line?

A Yes.

(One-page document was marked
as Plaintiff's Exhibit 7 for
identification.)

Q I'm handing you Exhibit 7, which is
labeled, "Initial Annual List of Officers Directors
and State Business License Application of EQD, LLC."
and if you look at the bottom line is this your
signature?

A Yes.

Q What's the date of this document?

A September 28, 2015.

Q What's your title according to this
document?

A Managing member.

Q Does this document now reflect that you're

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S. YI

the managing member of EQD, LLC as of September 28, 2015?

A Yes.

Q Following your becoming the sole member of EQD, LLC were you able to get any income from the condo?

A No, I was not.

Q Why not?

A There was no renter in the condo and Steve did not have the funds. I wasn't able to generate any income from the condo or get any money from Steve.

Q And you had a loan from Mr. Chang?

A Yes, that I was still paying interest on.

Q Did there come a time where you sought to resolve that situation?

A Yes. I was looking for an alternative and talked to Steve and Kent on ways to come up with income to pay back that loan.

Q What did you decide to do?

A I was going to use the loan and Kent had ideas and I was asking Kent if we could get a note on using the condo to basically put out a note and so looked at getting that.

1 S. YI

2 Q Did there come a time that you transferred
3 EQD, LLC to someone else?

4 A Yes.

5 Q And who was that?

6 A Mr. Kent Salveson.

7 Q How did that come about?

8 A I was looking for a loan against the condo
9 Kent actually volunteered to take over the condo and
10 pay back the money that's owed to my friend.

11 Q And how much money did he agree to pay for
12 the EQD, LLC and the condo?

13 A The full amount that I owed to my friend
14 which was approximately 321K.

15 Q Was there any additional funds, if you
16 look at page 6 of your Declaration to refresh your
17 recollection.

18 A I knew there were additional cost incurred
19 with related to the condo but I was told it was
20 approximately \$100,000.

21 Q And Mr. Salveson paid those off as well?

22 A Yes.

23 Q And to be clear, Mr. Salveson paid off the
24 \$321,000 that you borrowed from your friend?

25 A Yes, correct.

1 S. YI

2 Q And in exchange what did you agree to give
3 Mr. Salveson?

4 A Interest in the condo.

5 Q Via?

6 A EQD, LLC.

7 (Membership Certificate was
8 marked as Plaintiff's Exhibit
9 8 for identification.)

10 Q I'm handing you a document marked Exhibit
11 8, an LLC Membership Certificate for EQD, LLC and
12 what did you do pursuant to this document?

13 A Basically I sold the interest of EQD, LLC
14 to Mr. Salveson.

15 Q Is that your signature "Sung Yi, member"
16 on two places on the document?

17 A Yes, it is.

18 Q What is the good and valuable
19 consideration in payment for the transfer?

20 A Payment of the \$321,000.

21 Q And it acknowledges that you received that
22 payment in the benefit thereof.

23 A Yes.

24 Q And is this Mr. Salveson's signature as
25 the buyer?

1 S. YI

2 A Yes, it is.

3 (One-page document was marked
4 as Plaintiff's Exhibit 9 for
5 identification.)

6 Q I'm handing you Exhibit 9, which is also
7 labeled "LLC Membership Certificate for EQD, LLC." I
8 will note that document, and let me know if you
9 agree with me, is identical to Exhibit 8 except this
10 one has been dated.

11 A Yes.

12 Q Is this your signature on this document?

13 A Yes, it is.

14 Q Pursuant to this did you transfer EQD, LLC
15 to Mr. Salveson on July 2, 2016?

16 A Yes.

17 Q And you recall signing and dating this
18 document?

19 A Yes.

20 Q Was Mr. Woo aware of your transfer of EQD,
21 LLC to Mr. Salveson?

22 A Yes. These documents came about after a
23 meeting the three of us had and this was actually
24 discussed in the meeting.

25 Q When you say the three you mean you

1 S. YI

2 Mr. Woo and Mr. Salveson?

3 A Yes.

4 Q Was it your intention for Mr. Woo to have
5 any continuing interest in EQD, LLC after that
6 transaction?

7 A No.

8 Q What about his interest in the condo?

9 A No.

10 Q Did you intends for Mr. woo's wife to have
11 any continuing interest in the condo?

12 A No.

13 Q Was it your understanding that following
14 this transfer to Mr. Salveson that Mr. Salveson was
15 the sole member of EQD, LLC?

16 A Yes.

17 Q Was it also your understanding that
18 following this transfer Mr. Salveson was the only
19 person with an interest in the condo?

20 A Yes.

21 (Answer to Interrogatories was
22 marked as Plaintiff's Exhibit
23 10 for identification.)

24 MS. WILSON: Let's go off-the-record.

25 (A discussion was held

1 S. YI

2 off-the-record.)

3 Q I'm handing you Plaintiff's Exhibit 10,
4 which is the Answer of Steve Woo and Jo-Lynn Ewing
5 in this action. Just to clarify, have you seen this
6 document before?

7 A No, I don't think.

8 Q So you haven't seen this before?

9 A No.

10 Q I'm going to ask you to turn to page 18 of
11 37.

12 A Okay.

13 Q Paragraph 55 of this Answer and
14 Counterclaims says that, "Counter defendant,
15 Salveson during this timeframe had Sung Yi
16 unwittingly execute certain documents that would
17 transfer ownership of EQD, LLC to Clearson and/or
18 Salveson." Do you see that language?

19 A Yes.

20 Q Do you agree with that allegation that you
21 unwittingly executed certain documents?

22 A No, I don't agree. Before this I never
23 actually seen the word unwittingly used but I think
24 I understand what it means.

25 Q What do you understand it to mean?

1 S. YI

2 A Someone that's not knowledge if this type
3 of agreement. I know that at the time we had
4 discussed this transaction and so I did know what
5 the document was.

6 Q And when you say you are know what the
7 document was, you understood that you were
8 transferring 100% interest in EQD, LLC and its
9 assets to Mr. Salveson?

10 A Yes.

11 Q And Mr. Woo was present when this
12 transaction was discussed?

13 A Yes.

14 Q And is it your belief that he understood
15 that was happening as well?

16 A Yes.

17 Q Was that transaction conditional in any
18 way based on your understanding?

19 A No.

20 Q Was there any post-closing conditions?

21 A No.

22 Q Did Mr. Woo ask you if the documents
23 transferring the interest in EQD, LLC were okay?

24 A Yes. He had sent me an email asking me
25 because he felt that he didn't understand contracts

1 S. YI

2 very well and he thought I understood them better so
3 he sent me an email and he asked me to review the
4 documents and I reviewed them and I felt they were
5 reasonable.

6 Q Did you understand this transaction where
7 you transferred EQD, LLC to Mr. Salveson to be a
8 loan of any kind?

9 A No.

10 Q So it was not a loan to Mr. Woo?

11 A No.

12 Q And in your understanding did Mr. Woo or
13 his wife retain any interest in EQD, LLC?

14 A I don't believe they had any ownership.

15 MS. WILSON: Off-the-record.

16 (A discussion was held
17 off-the-record.)

18 MS. WILSON: Back on.

19 Q Same document, you're going to turn to
20 page 23 of 37.

21 A Okay.

22 Q If you can read paragraph 71 to yourself.
23 (Witness complying with
24 request.)

25 A Okay.

1 S. YI

2 Q Paragraph 71 refers to a meeting at Panera
3 Restaurant.

4 A Yes.

5 Q Is that the meeting you described before
6 between you, Mr. Woo and Mr. Salveson?

7 A Yes.

8 Q This paragraph 71 alleges that "Salveson
9 placed numerous documents in front of Sung Yi to
10 sign." Do you see that?

11 A Yes.

12 Q Did you understand the documents that were
13 placed in front of you at that time?

14 A Yes.

15 Q What did you understand those documents
16 were going to do?

17 A They were going to transfer the ownership
18 of EQD LLC from myself to Ken Salveson.

19 Q And if you can read paragraph 72 to
20 yourself.

21 (Witness complying with
22 request.)

23 A Yes.

24 Q Paragraph 72 alleges that Sung Yi had no
25 idea he was signing documents that would improperly

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S. YI

transfer legal ownership of EQD, LLC to Clearson."

Do you see that?

A Yes.

Q Do you agree with that allegation?

A No, I don't.

Q Did you understand what you were signing?

A Yes, I did.

Q What did you understand the papers that
you were signing were going to do?

A Transfers EQD, LLC to Mr. Kent Salveson.

MS. WILSON: Off-the-record.

(A discussion was held
off-the-record.)

MS. WILSON: Back on.

Q Based on your attendance and participation
at this meeting at Panera Restaurant was it your
belief that you understood that you were
transferring EQD, LLC to Mr. Salveson?

A Yes. I felt he understood the
transaction. The three of us discussed the details
of the transaction in the meeting and agreed.

(A break was taken.)

Q Mr. Yi, in discussing and planning these
transactions regarding the transfer of EQD, LLC were

1 S. YI

2 there any secret meetings between you and
3 Mr. Salveson?

4 A No. There were no meetings on those
5 topics with just the two of us.

6 Q Mr. Woo was involved in all those
7 conversations?

8 A Yes.

9 Q And in those meetings or conversations do
10 you feel that Mr. Salveson disclosed everything that
11 was happening regarding the transfer of EQD, LLC?

12 A Yes.

13 Q Looking back do you feel that any
14 information was withheld from you?

15 A No.

16 Q In your opinion based on your observation
17 of the participants in these meetings did Mr. Woo
18 understand that EQD, LLC was being transferred to
19 Mr. Kent Salveson?

20 A In my opinion I felt that he understood
21 the transaction.

22 Q Did you and Mr. Woo have any conversations
23 regarding these transactions among yourself that
24 didn't include Mr. Salveson?

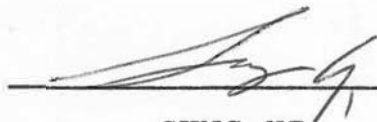
25 A No. We agreed at the time that if we

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S. YI

discussed this we would all meet together so that no
one felt they didn't understand the transaction. We
made it a point to meet together at all times.

(TIME NOTED: 11:57 a.m.)


SUNG YI

Subscribed and sworn to before me
this 24 day of March, 2020.


NOTARY PUBLIC

SEE CALIFORNIA
JURAT ATTACHED
DATE 03/24/ INITL [Signature]
2020

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California
County of Orange

Subscribed and sworn to (or affirmed) before me on this 24
day of March, 2020, by Sung Yi

proved to me on the basis of satisfactory evidence to be the
person(s) who appeared before me.



(Seal)

Signature Teresa D. Lewis

S. YI

I N D E X

EXAMINATION BY	PAGE
Ms. Wilson	3

E X H I B I T S

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Exhibits retained by COUNSEL.		

S. YI

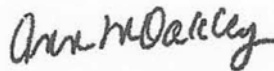
C E R T I F I C A T E

I, ANNMARIE OAKLEY, a Shorthand Reporter
and Notary Public within and for the State of
New York, do hereby certify:

THAT SUNG YI, the witness whose deposition
is herein before set forth, was duly sworn by me,
and that such deposition is a true record of the
testimony given by such witness.

I further certify that I am not related to
any of the parties to this action by blood or by
marriage and that I am in no way interested in the
outcome of this matter.

IN WITNESS THEREOF, I have hereunto set my hand this
17th day of March, 2020.



ANNMARIE OAKLEY

S. YI

ERRATA SHEET

DATE OF DEPOSITION: MARCH 6, 2020

NAME OF DEPONENT: SUNG YI

PAGE	LINE(S)	CHANGE	REASON
5	3		CLARITY
6	3		"
8	2-6		"
14	6-7		"
19	21		"



 SUNG YI

SUBSCRIBED AND SWORN TO BEFORE ME

THIS _____ DAY OF _____, 20____.

 NOTARY PUBLIC

[& - bank]

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[bank - defendant]

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[degree - handing]

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New York Code

Civil Practice Law and Rules

Article 31 Disclosure, Section 3116

(a) Signing. The deposition shall be submitted to the witness for examination and shall be read to or by him or her, and any changes in form or substance which the witness desires to make shall be entered at the end of the deposition with a statement of the reasons given by the witness for making them. The deposition shall then be signed by the witness before any officer authorized to administer an oath. If the witness fails to sign and return the deposition within sixty days, it may be used as fully as though signed. No changes to the transcript may be made by the witness more than sixty days after submission to the witness for examination.

DISCLAIMER: THE FOREGOING CIVIL PROCEDURE RULES ARE PROVIDED FOR INFORMATIONAL PURPOSES ONLY. THE ABOVE RULES ARE CURRENT AS OF APRIL 1, 2019. PLEASE REFER TO THE APPLICABLE STATE RULES OF CIVIL PROCEDURE FOR UP-TO-DATE INFORMATION.